

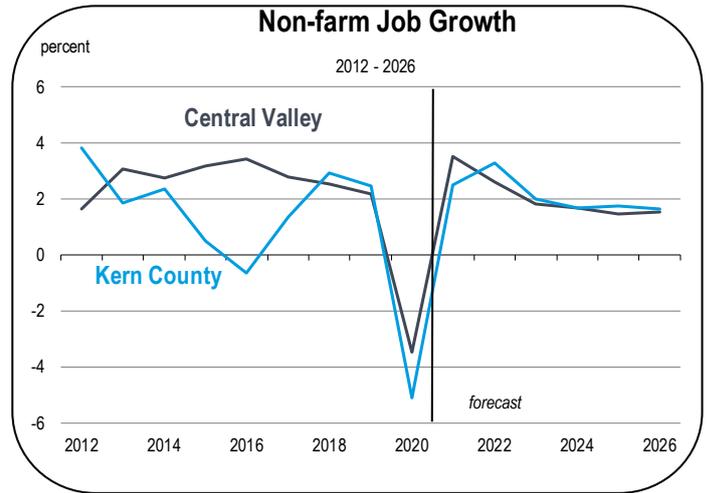
Kern County Economic Forecast

Forecast Summary

- On an annual average basis, 7,300 non-farm jobs will be restored in Kern County during 2021. A full labor market recovery is expected by 2022 or 2023.
- Employment gains in 2021 will be largest in leisure services, professional business services, retail trade, and crude oil extraction.
- The unemployment rate averaged 12.6 percent in 2020. It is expected to average 10.3 percent in 2021.
- The population is expanding faster than broader Southern California, and this trend will continue. Because of affordable home prices, net migration will remain positive.
- Over the 2021-2026 forecast period, more homes will be built than during the 2015-2020 period.
- Home prices increased unexpectedly in 2020, rising by 10 percent. Prices are forecast to increase by another 8 to 10 percent in 2021.

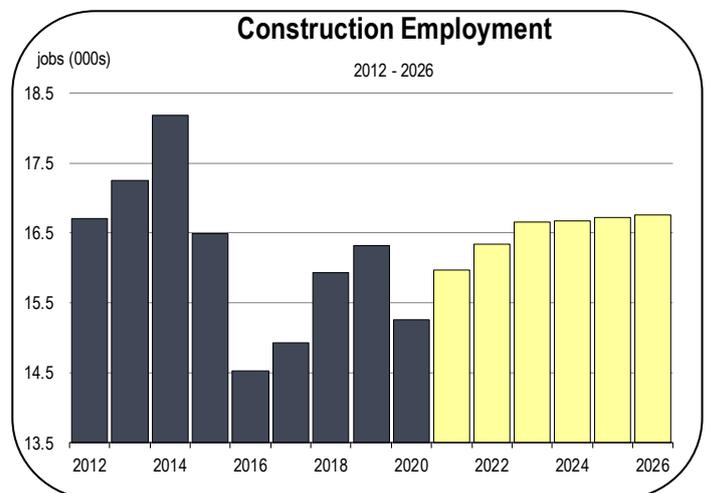
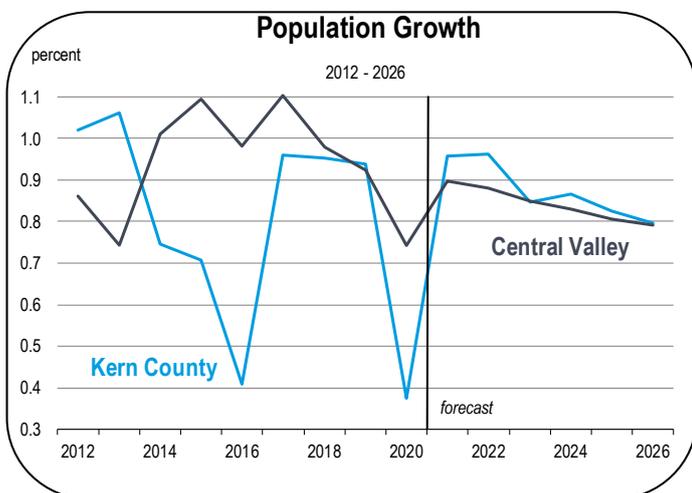
Job Growth

- Total employment in Kern County will expand by 2.3 percent in 2021 on an annual average basis.
- Over the entire forecast period, job growth in Kern County will be similar to the Central Valley average.

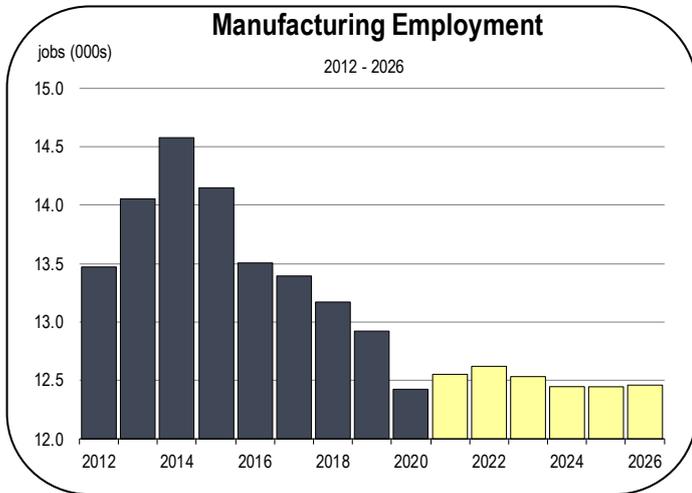


Construction Employment

- Construction employment contracted by 1,100 jobs in 2020, a relatively large decline.
- The construction sector is expected to re-gain approximately 700 jobs in 2021
- A full recovery is expected in 2023 or 2024.



Kern County Economic Forecast

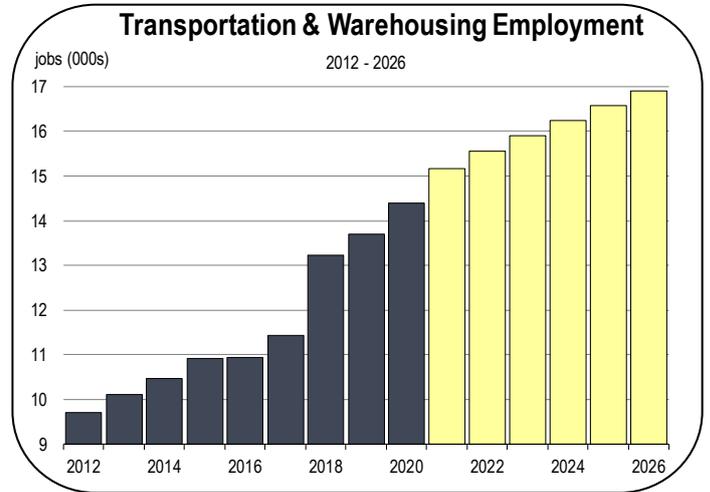
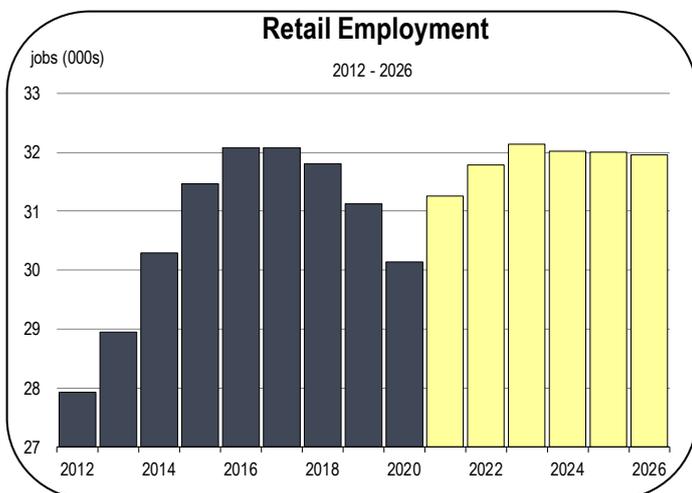


Manufacturing Employment

- Kern County manufacturing employment has been declining for several years.
- Approximately 500 jobs were lost in 2020 on an annual average basis.
- Over the 2021-2026 forecast period, manufacturing employment is not expected to increase or decrease substantially.

Retail Trade Employment

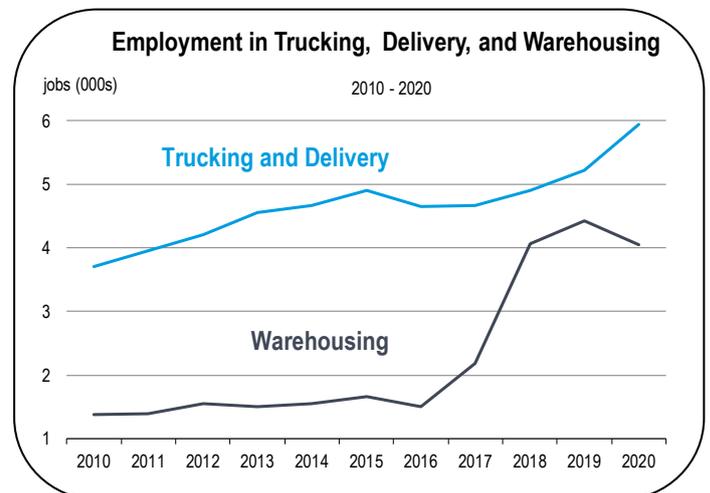
- Retail employment declined by only 3.2 percent in Kern County in 2020, which was far less severe than many other counties.



- Retail employment will expand sharply in 2021, rising above the levels that were observed before the Coronavirus Recession.

Transportation and Warehousing Employment

- The transportation and warehousing sector was among the few industries that expanded during 2020.
- The Kern County transportation and warehousing sector is dominated by trucking jobs, local delivery jobs, and warehouse jobs.
- Trucking and delivery companies increased their staffing levels by 700 jobs in 2020 as consumers across the U.S. purchased more consumer goods.
- This sector will continue to expand throughout the forecast period.



Kern County Economic Forecast



The Tejon Ranch Commerce Center is a 20-million-square-foot, state-of-the-art commercial/industrial development. The current boom in e-commerce is sharply driving industrial real estate demand and growth throughout California.

- Transportation and warehousing is dominated by industrial centers.
- Kern County is the home to more than 50 distribution and fulfillment centers within 40 miles of Bakersfield.
- The Tejon Ranch Commerce Center leads the way, and is the gateway to Kern County on Interstate 5.
- Five million square feet of industrial space has been built and occupied at Tejon Ranch. 15 million additional square feet can still be developed there.
- The lineup of distribution centers is dominated by major players in the logistics industry including Amazon, Dollar General, Famous Footwear, IKEA, L'Oréal, Ross, Target, and Walmart.
- Kern County is a region increasingly targeted by large brands looking for more space to grow.
- Eastern Kern County includes two major military installations which drive much of the economic activity in the region.
- China Lake Naval Air Station and Edwards AFB employ nearly 20,000 workers, most of them scientists and engineers.

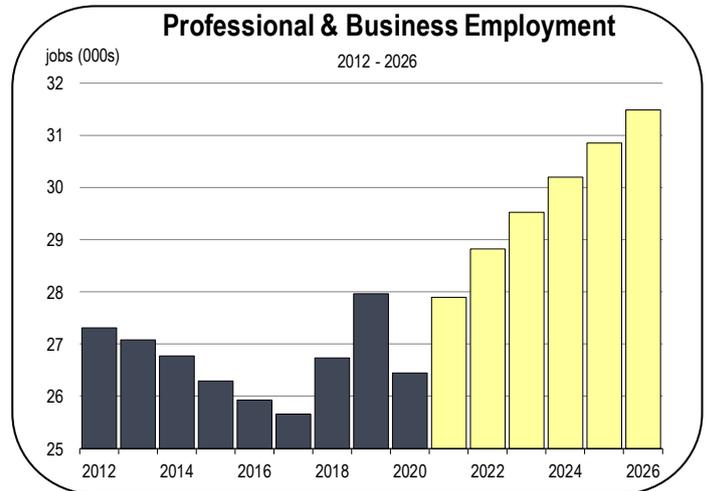
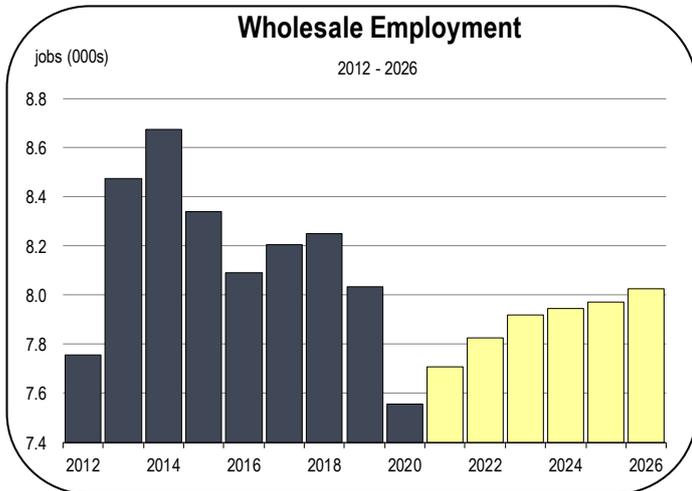
Kern County Economic Forecast

- At China Lake Naval Air Station and Edwards AFB, average salaries per worker are some of the highest in Kern County.
- Kern County is also becoming a major region for solar power.
- The country's largest solar farm is Solar Star, which has 1.7 million solar panels and is located in Rosamond.
- Other major facilities include the 8minute Solar farm in Cantil and the Beacon Solar power facility, which has 903,434 panels and is located just north of Cantil.



8minute Solar Energy's 121-megawatt Solar Farm was completed in 2019 in Cantil. It was the first phase of a 1,500-acre project that began in 2015. The farm provides electricity to power more than 150,000 homes in the Los Angeles metro area.

Kern County Economic Forecast

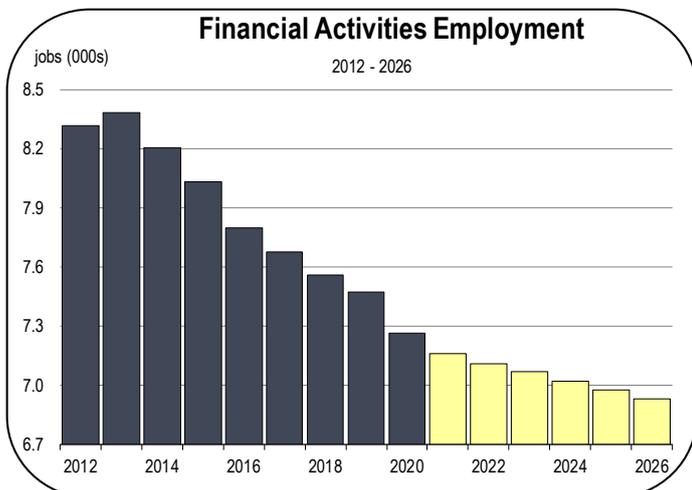


Wholesale Trade Employment

- Wholesale trade employment declined by 6 percent on an annual average basis in 2020.
- Employment in wholesale trade will follow a gradual recovery path over the forecast, in tandem with how the greater statewide wholesale sector will expand over time.

Financial Activities Employment

- The financial activities industry is in a long-term pattern of decline in Kern County.



- Job losses in 2020 were only slightly more pronounced than the losses of the previous few years.
- Total employee headcounts in this sector will decline for the foreseeable future.

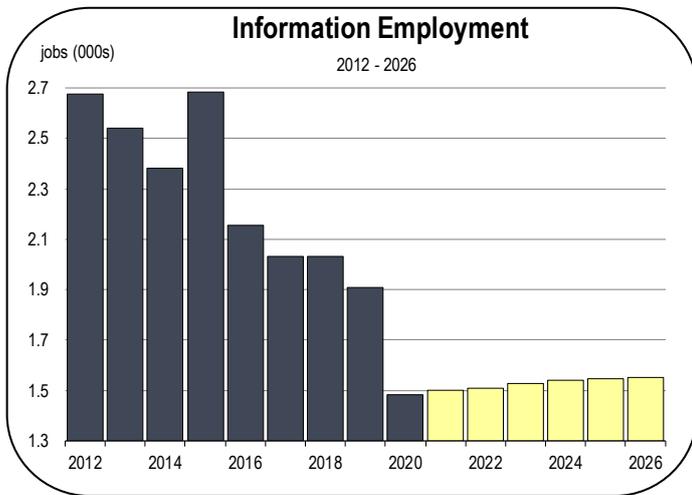
Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- The largest subsector - staffing agencies - experienced significant losses during 2020, but is expected to bounce back quickly in 2021 and 2022.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn, but hired back first during a recovery.
- Aside from staffing agencies, jobs losses were minimal across most subsectors.
- The professional and business services industry is expected to recover 1,400 jobs in 2021 and create 900 more jobs in 2022.

Information Employment

- In Kern County, the information sector is very small but dominated by telecommunications firms, radio and TV stations, and movie theaters.

Kern County Economic Forecast



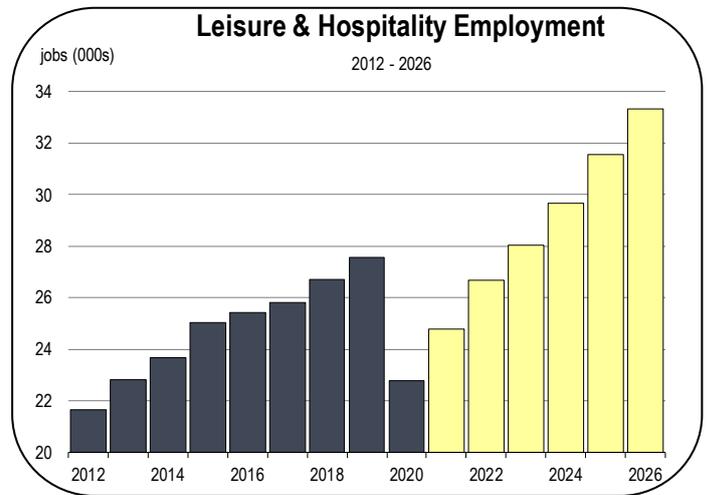
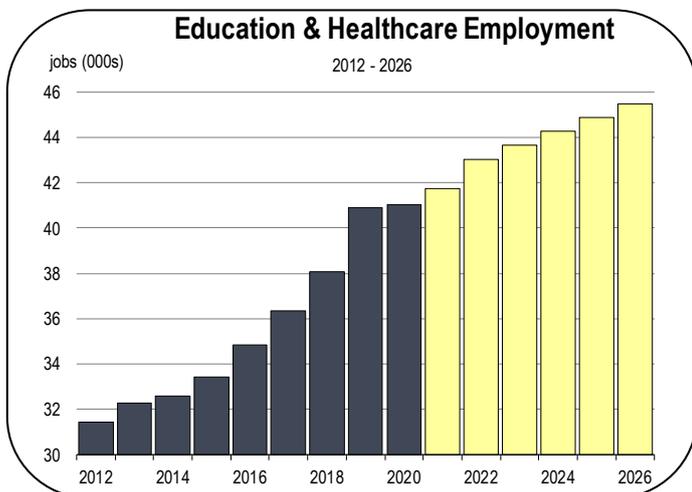
- Across all subsectors, approximately 400 jobs were lost in 2020.
- The Kern County information industry is not expected to re-gain a substantial number of jobs during the forecast period.

Private Education and Healthcare Employment

- Healthcare jobs were relatively recession proof during the 2008-2009 financial crisis and were relatively unaffected by the Coronavirus Recession.
- Private schools and tutoring centers decline by 15 percent last year.
- Overall, the healthcare and education industry will create 700 jobs in 2021 and gain another 1,300 jobs in 2022.

Leisure and Hospitality Employment

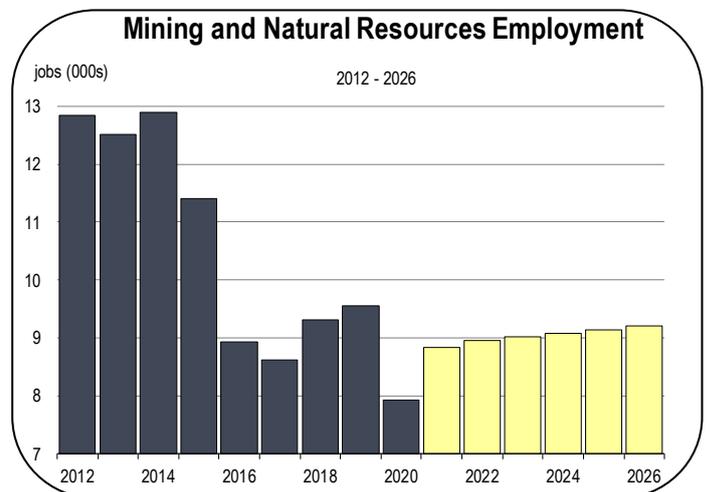
- Leisure and hospitality firms were impacted by restricted business conditions more than almost any other sector of the labor market.



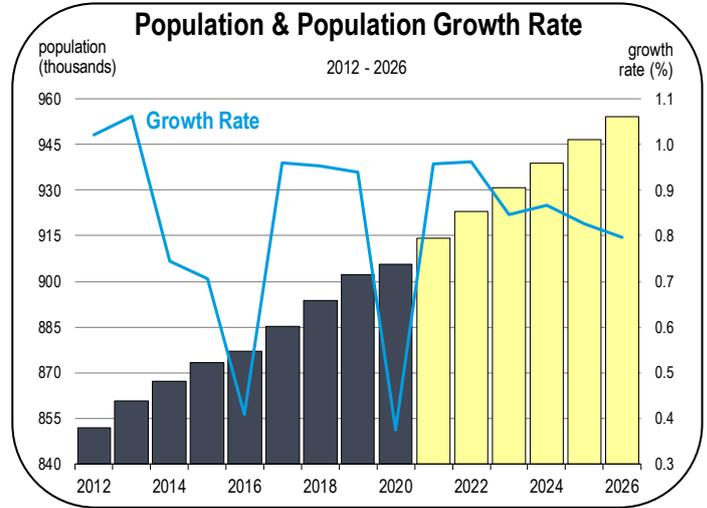
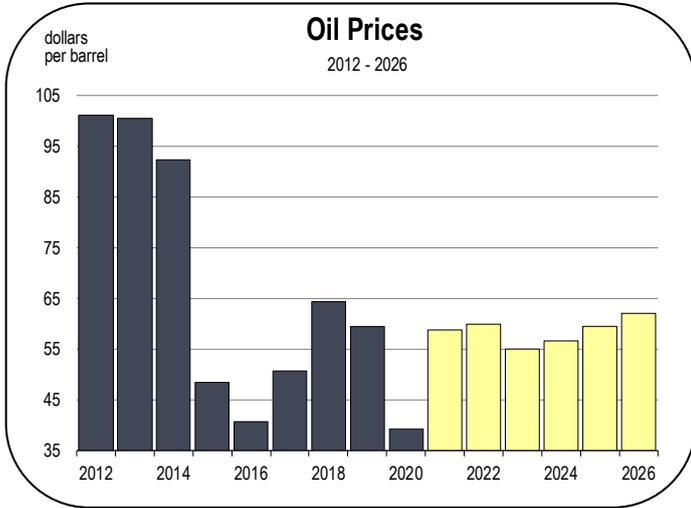
- In 2020, employment levels in restaurants, bars, and catering services declined by 3,400 jobs, a decrease of 15 percent.
- Employment at entertainment and recreation centers declined by 1,100 jobs (43 percent).
- Leisure and hospitality employment could rebound sharply in the second half of 2021 due to a surge in travel, dining, drinking, and recreation throughout Kern County.
- We expect the leisure and hospitality sector to regain 22,700 jobs in 2021 and another 12,600 jobs in 2022, but it could take several years for the industry to fully recover.

Mining and Natural Resources Employment

- In Kern County, the mining and natural resources sector is comprised almost entirely of oil extraction jobs.
- Employment levels in this sector are heavily dependent on the price of crude oil, which is influenced by global economic conditions.



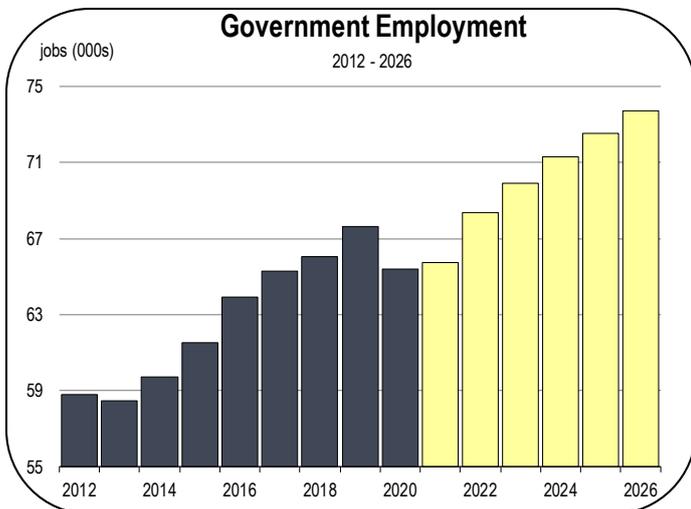
Kern County Economic Forecast



- Employment growth in the mining and natural resources industry will depend on the future trajectory of oil prices and State of California oil and gas policy.
- Oil prices are higher in 2021 and will remain so. Providing there are no major changes in the regulation of oil production, a partial recovery of Kern County crude oil extraction jobs is forecast.

Government Employment

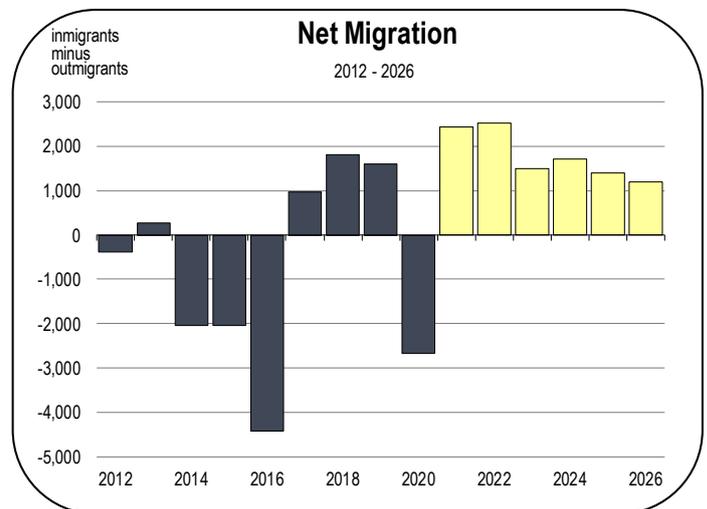
- State and local government agencies lost 2,600 jobs during 2020.
- Federal government agencies added 400 jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years. These Census jobs have already ended.



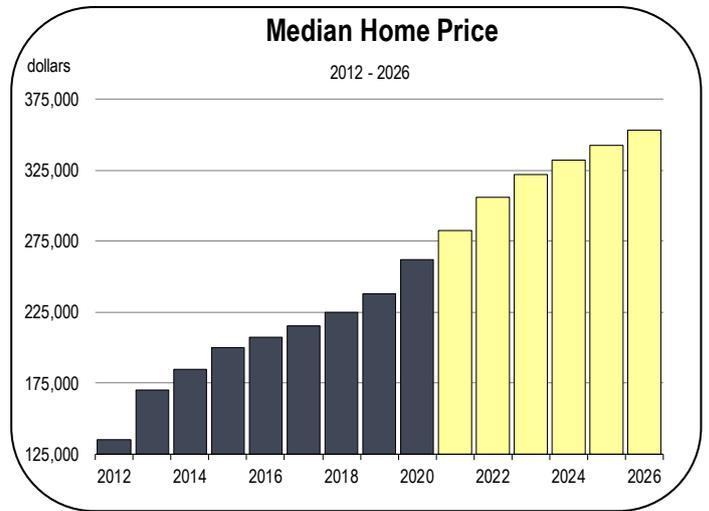
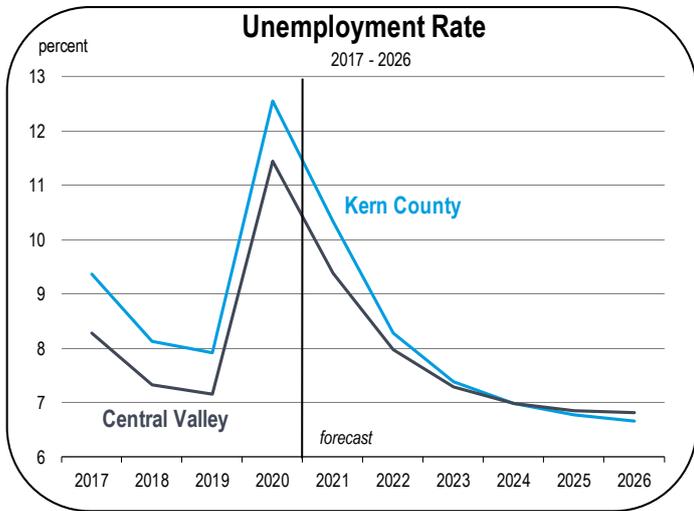
- Total government employment will rise slightly in 2021 as public sector workers are restored with the new fiscal 2022 year. A more convincing recovery occurs in 2022.

Population Growth

- Population growth decelerated in 2020. The population expanded by just 0.4 percent, which is well below the average for the past decade.
- Almost 2,700 net migrants exited the county last year, but an average of 1,800 net migrants are expected to enter the county each year between 2021 and 2026.
- Population growth will average 0.9 percent per year during the forecast period and the county will approach 955,000 residents by 2026.



Kern County Economic Forecast



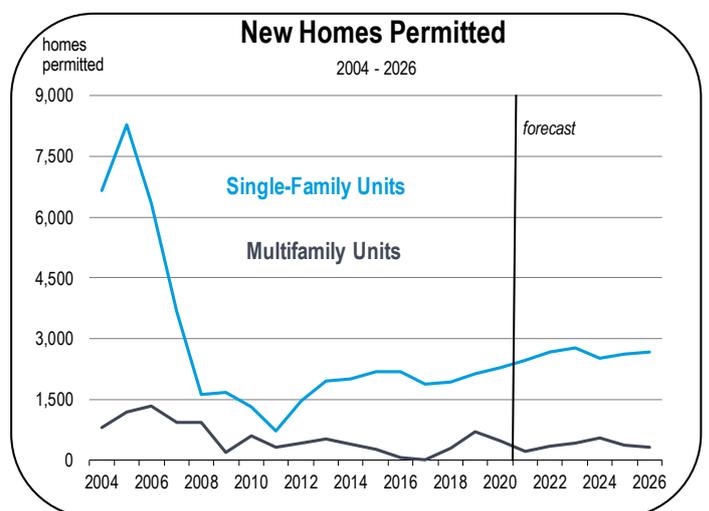
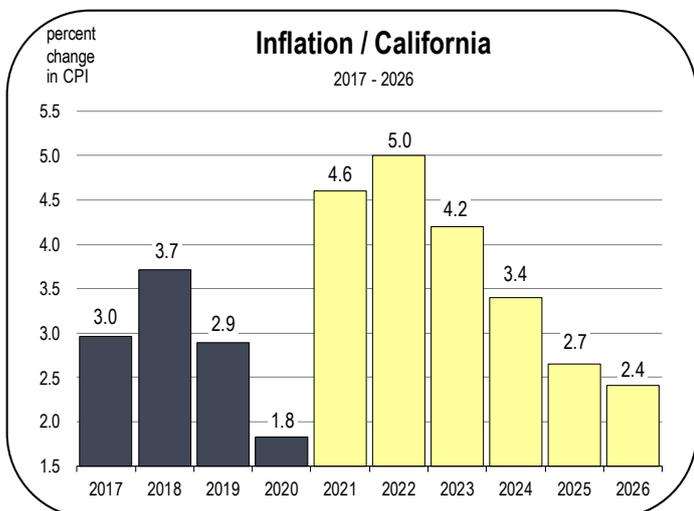
Unemployment and Inflation Rates

- The unemployment rate in Kern County averaged 12.6 percent in 2020. The large farming sector is responsible for higher unemployment rates in Kern County.
- The unemployment rate is expected to average 10.3 percent in 2021 and 8.3 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- Ultimately, inflation will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.

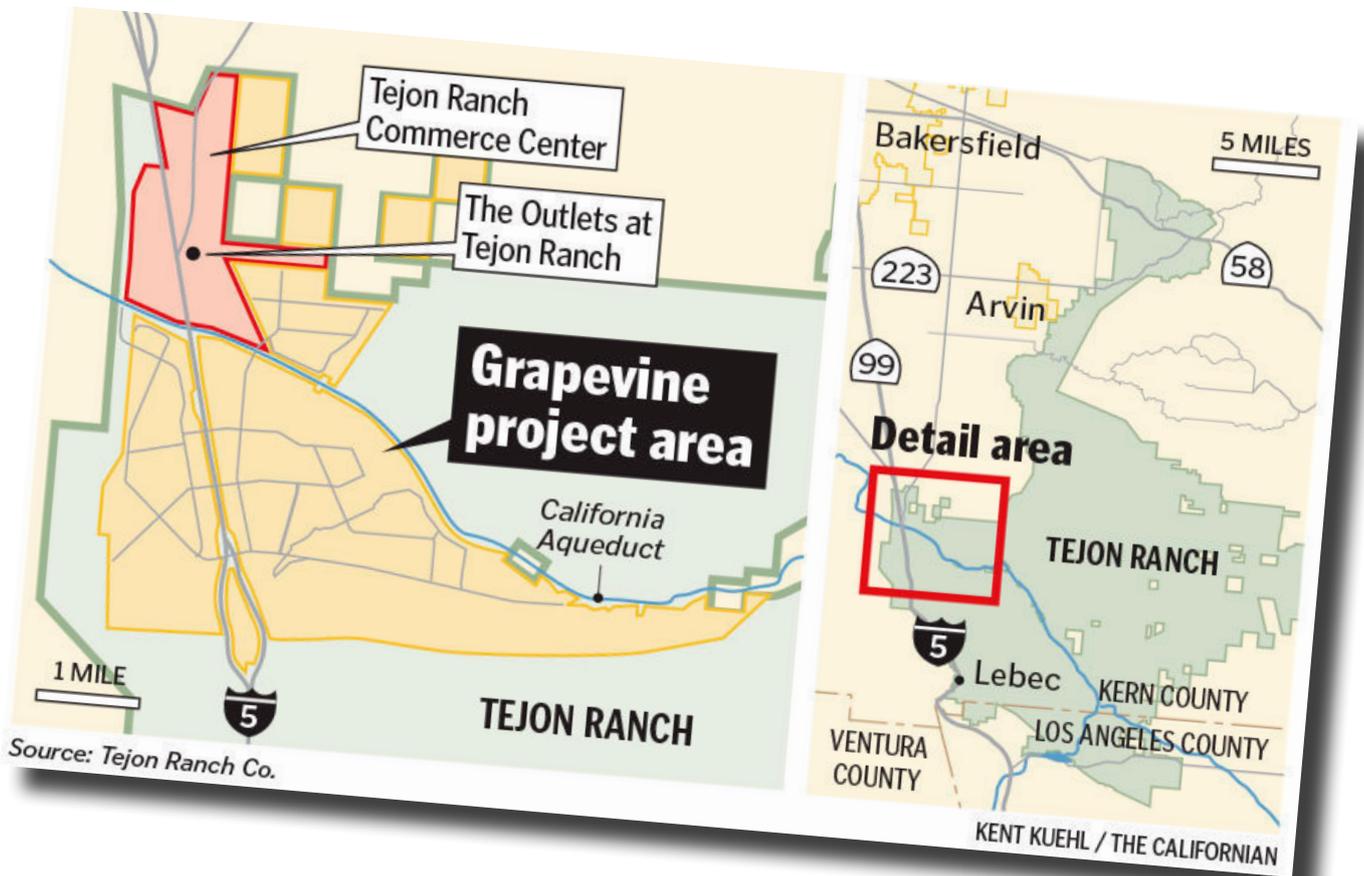
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- The median home price was \$262,000 in 2020, an increase of 10 percent from the previous year. Home selling prices will increase by another 8 percent in 2021, with further increases forecast in 2022.
- From 2015-2020, approximately 2,400 homes were built each year. From 2021-2026, production will average 3,000 units per year.
- There are tens of thousands of units in the Kern County development pipeline. The most prominent project is Tejon Ranch.
- The Tejon Ranch Project could generate more than 10,000 homes, but it is unlikely that construction will begin during the 2021-2026 forecast period.



Kern County Economic Forecast



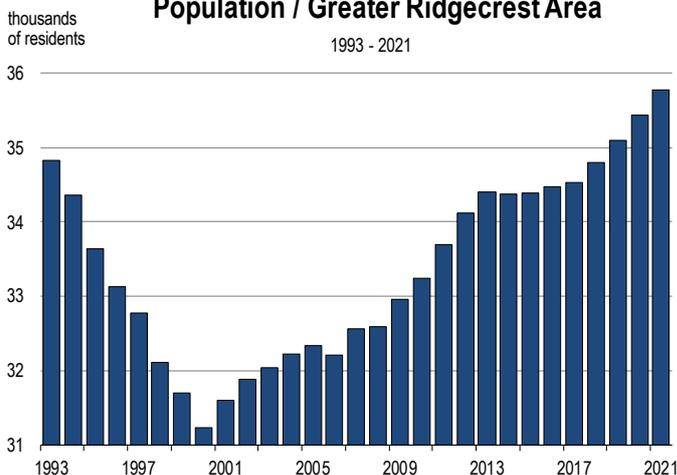
- Tejon Ranch is the largest privately owned parcel of land in California and is expected to be the site of a major residential development project.
- The ranch straddles the Kern County-Los Angeles County border, and developers aim to build approximately 12,000 units on the Kern County side.
- Tejon Ranch is comprised of three large projects that are within 20 miles of each other: The Grapevine Master Planned Community, Tejon Mountain Village, and the Centennial Project (Centennial located across the border in Los Angeles County).
- The Grapevine Project was approved by the Kern County Board of Supervisors in December 2016. The 8,010-acre development is sized for up to 12,000 single and multi-family homes, along with 5.1 million square feet of commercial space. An additional 2,000 units may also be accommodated by the master plan, east and west of Interstate 5 at the Laval and Grapevine interchanges.
- If it moves forward, the Grapevine Project would be located at the foot of the Grapevine and adjacent to the Tejon Ranch Commerce Center. The project will provide homes for workers at the Tejon Commerce Center, and for the 20,000 potential jobs created by all Tejon Ranch developments.
- The Grapevine Project is expected to include
 - 2.45 million square feet of office/R&D space
 - 1.45 million square feet of light industrial and warehouses
 - 1.2 million square feet of retail
 - One high school and five K-8 schools
 - Between 96 acres and 112 acres for parks
 - Fire stations and a sheriff's substation
 - Transit facilities
 - Water and wastewater treatment facilities
- The Tejon Mountain Village Master Planned project is fully entitled. It consists of:
 - 3,450 units
 - 510,000 square feet of commercial and resort buildings
 - 750 hotel rooms
 - 2 golf courses

Kern County Economic Forecast

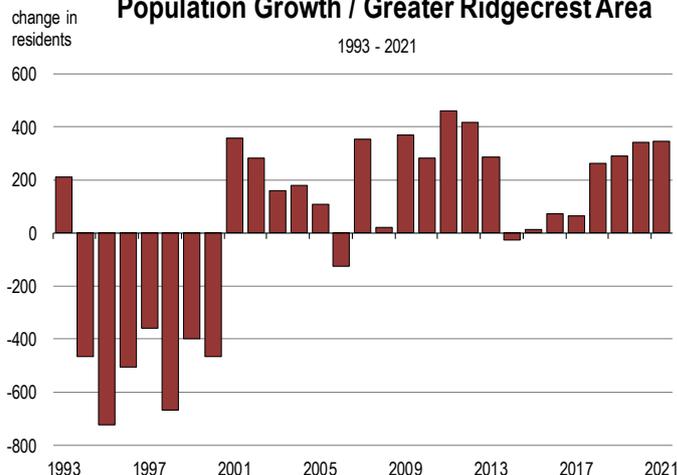
Eastern Kern County

- This area of the County is dominated by Department of Defense activities, aerospace testing and exploration research, massive development of energy resources, and tourism.
- Ridgecrest is in the northeastern most corner of the broader Eastern Kern County region.
- Historically the location of the principal borax mining in the nation, today the U.S. Navy and Air Force are the key economic engines in the region, operating the large and strategic facilities of China Lake Naval Air Station and Edwards Air Force Base. These two facilities employ over 15,000 direct workers and create thousands of indirect jobs as a result of their economic reach.
- The Mojave Air and Space Port is a principal industrial park and industrial center for Eastern Kern County. Over 1,000 workers in 60 companies are engaged in aerospace design, test, and evaluation, wind energy, industrial manufacturing, and airliner storage.
- Rio Tinto’s open pit U.S. Borax mine in Boron, California, produces approximately one third of the world’s supply of refined borate products. The company employs 800 workers at the site.
- Solar Star in Rosamond is the largest solar farm in the U.S. with 5 square miles and 1.7 million solar panels. The facility accounts for nearly 3 percent of the electricity supply from solar energy in California.
- Energy projects and Air technology dominate the Eastern Kern Economy, along with mining in the Trona and Southern Kern County areas.
- The two military installations represent the dominant economic engine of Eastern Kern. Together with the estimated headcount at China Lake, military operations employ over 16,000 workers in principally high technology positions of scientific research, testing, and evaluation.

Population / Greater Ridgecrest Area



Population Growth / Greater Ridgecrest Area



Kern County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (billions)	Inflation Rate (percent)
2015	873,330	264.5	-2,048	2,454	738	\$33.3	\$8.5	\$14.4	\$15.3	\$43,464	10.3	\$7.7	1.4
2016	876,903	267.0	-4,420	2,235	752	\$33.3	\$8.5	\$14.0	\$12.9	\$42,424	10.5	\$8.0	2.3
2017	885,312	269.3	970	1,873	750	\$34.1	\$9.0	\$14.0	\$14.2	\$41,834	9.4	\$7.9	3.0
2018	893,745	271.7	1,813	2,210	765	\$35.6	\$9.6	\$15.1	\$15.3	\$41,681	8.1	\$7.8	3.7
2019	902,137	273.3	1,593	2,825	785	\$37.7	\$10.0	\$15.7	\$13.8	\$42,432	7.9	\$7.7	2.9
2020	905,517	275.3	-2,674	2,732	793	\$39.2	\$10.4	\$15.7	\$14.3	\$43,241	12.6	\$7.8	1.8
2021	914,189	277.8	2,433	2,691	797	\$40.9	\$11.0	\$17.2	\$15.0	\$43,641	10.3	\$7.8	4.6
2022	922,978	280.3	2,520	3,017	803	\$42.8	\$11.2	\$17.5	\$15.1	\$44,177	8.3	\$7.8	5.0
2023	930,784	283.1	1,494	3,189	810	\$44.9	\$11.4	\$17.9	\$15.4	\$44,927	7.4	\$7.8	4.2
2024	938,842	286.1	1,710	3,051	816	\$46.9	\$11.7	\$18.3	\$15.6	\$45,416	7.0	\$7.9	3.4
2025	946,586	288.9	1,397	2,972	823	\$49.1	\$11.9	\$18.7	\$15.9	\$46,029	6.8	\$7.9	2.7
2026	954,128	291.7	1,195	2,970	829	\$51.2	\$12.1	\$19.0	\$16.2	\$46,602	6.7	\$7.9	2.4
2027	962,150	294.4	1,686	3,019	836	\$53.5	\$12.4	\$19.3	\$16.5	\$47,240	6.6	\$8.0	2.2
2028	970,375	297.2	1,892	3,135	843	\$55.6	\$12.6	\$19.6	\$16.8	\$47,695	6.5	\$8.0	2.3
2029	978,735	300.2	2,003	3,143	849	\$57.9	\$12.9	\$20.1	\$17.0	\$48,136	6.5	\$8.0	2.2
2030	987,000	303.1	1,909	3,117	855	\$60.1	\$13.2	\$20.6	\$17.3	\$48,467	6.5	\$8.0	2.2
2031	994,953	306.0	1,657	3,046	861	\$62.2	\$13.5	\$21.0	\$17.4	\$48,755	6.5	\$8.1	2.3
2032	1,002,687	308.8	1,454	3,085	866	\$64.4	\$13.8	\$21.5	\$17.6	\$48,958	6.4	\$8.1	2.2
2033	1,010,294	311.7	1,388	3,142	871	\$66.5	\$14.0	\$21.9	\$17.8	\$49,292	6.4	\$8.1	2.0
2034	1,017,787	314.6	1,390	3,118	876	\$68.8	\$14.3	\$22.4	\$18.0	\$49,582	6.4	\$8.2	2.1
2035	1,024,867	317.5	1,117	3,132	880	\$71.2	\$14.7	\$22.9	\$18.3	\$49,861	6.4	\$8.2	2.1
2036	1,031,622	320.4	930	3,116	883	\$73.7	\$15.1	\$23.5	\$18.5	\$50,015	6.4	\$8.2	2.2
2037	1,037,926	323.3	663	3,070	886	\$76.4	\$15.4	\$24.2	\$18.6	\$50,134	6.4	\$8.2	2.2
2038	1,043,935	326.2	570	3,031	888	\$79.0	\$15.8	\$24.8	\$18.8	\$50,317	6.4	\$8.3	2.2
2039	1,049,268	329.0	78	3,005	891	\$81.8	\$16.2	\$25.4	\$18.9	\$50,459	6.3	\$8.3	2.2
2040	1,054,106	331.8	-192	2,942	892	\$84.5	\$16.6	\$26.0	\$19.1	\$50,609	6.3	\$8.3	2.1
2041	1,058,379	334.5	-623	2,886	894	\$87.1	\$17.0	\$26.5	\$19.3	\$50,874	6.3	\$8.3	2.2
2042	1,062,405	337.2	-763	2,799	895	\$89.8	\$17.3	\$27.1	\$19.5	\$51,163	6.3	\$8.4	2.1
2043	1,066,101	339.8	-918	2,798	897	\$92.5	\$17.7	\$27.6	\$19.7	\$51,504	6.3	\$8.4	2.0
2044	1,069,313	342.4	-1,225	2,774	898	\$95.2	\$18.0	\$28.1	\$20.0	\$51,912	6.3	\$8.4	2.2
2045	1,072,176	345.0	-1,392	2,727	898	\$97.9	\$18.3	\$28.6	\$20.3	\$52,296	6.3	\$8.5	2.2
2046	1,074,666	347.5	-1,619	2,677	899	\$100.8	\$18.7	\$29.2	\$20.4	\$52,638	6.3	\$8.5	2.2
2047	1,076,571	350.0	-2,046	2,605	899	\$103.7	\$19.1	\$29.8	\$20.6	\$52,910	6.3	\$8.5	2.2
2048	1,077,964	352.5	-2,399	2,569	898	\$106.7	\$19.5	\$30.4	\$20.7	\$53,164	6.3	\$8.5	2.3
2049	1,079,129	354.9	-2,473	2,524	898	\$109.6	\$19.9	\$31.1	\$20.9	\$53,507	6.3	\$8.6	2.0
2050	1,079,990	357.2	-2,588	2,480	897	\$112.6	\$20.3	\$31.7	\$21.1	\$53,830	6.3	\$8.6	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	316.7	59.3	16.5	14.2	10.9	39.8	8.0	26.3	2.7	33.4	25.0	61.5
2016	317.7	62.0	14.5	13.5	10.9	40.2	7.8	25.9	2.2	34.8	25.4	63.9
2017	320.7	61.5	14.9	13.4	11.4	40.3	7.7	25.7	2.0	36.4	25.8	65.3
2018	329.2	62.4	15.9	13.2	13.2	40.1	7.6	26.7	2.0	38.1	26.7	66.1
2019	336.5	63.1	16.3	12.9	13.7	39.2	7.5	28.0	1.9	40.9	27.6	67.6
2020	319.1	59.7	15.3	12.4	14.4	37.7	7.3	26.5	1.5	41.0	22.8	65.4
2021	326.4	60.4	16.0	12.6	15.2	39.0	7.2	27.9	1.5	41.7	24.8	65.7
2022	336.1	61.5	16.3	12.6	15.6	39.6	7.1	28.8	1.5	43.0	26.7	68.4
2023	341.7	61.6	16.7	12.5	15.9	40.1	7.1	29.5	1.5	43.7	28.0	69.9
2024	346.5	61.7	16.7	12.4	16.2	40.0	7.0	30.2	1.5	44.3	29.7	71.3
2025	351.5	61.7	16.7	12.4	16.6	40.0	7.0	30.9	1.5	44.9	31.5	72.5
2026	356.4	61.8	16.8	12.5	16.9	40.0	6.9	31.5	1.6	45.5	33.3	73.7
2027	361.0	61.9	16.8	12.5	17.2	40.0	6.9	32.1	1.6	46.1	35.0	74.8
2028	365.5	62.0	16.9	12.6	17.5	40.1	6.8	32.7	1.6	46.7	36.6	75.8
2029	369.7	62.1	16.9	12.6	17.9	40.1	6.8	33.3	1.6	47.2	38.0	76.7
2030	373.6	62.2	16.8	12.7	18.2	40.2	6.8	33.8	1.6	47.8	39.4	77.5
2031	376.6	62.3	16.7	12.7	18.5	40.3	6.7	34.4	1.6	48.3	40.4	78.3
2032	379.9	62.3	16.8	12.7	18.8	40.4	6.7	34.9	1.6	48.9	41.2	79.1
2033	382.8	62.4	16.9	12.7	19.0	40.5	6.6	35.4	1.6	49.4	41.8	79.8
2034	385.5	62.5	16.9	12.8	19.3	40.7	6.6	35.9	1.6	49.9	42.3	80.3
2035	387.9	62.6	16.9	12.8	19.6	40.8	6.5	36.4	1.6	50.5	42.7	80.8
2036	390.2	62.7	16.8	12.8	19.9	40.9	6.5	36.9	1.6	51.0	43.1	81.3
2037	392.3	62.8	16.8	12.8	20.2	41.1	6.4	37.4	1.6	51.4	43.4	81.7
2038	394.4	62.8	16.7	12.9	20.4	41.2	6.4	37.8	1.6	51.9	43.8	82.1
2039	396.3	62.9	16.6	12.9	20.7	41.3	6.4	38.2	1.6	52.4	44.1	82.4
2040	398.2	63.0	16.5	12.9	20.9	41.3	6.4	38.6	1.6	52.8	44.5	82.7
2041	400.1	63.1	16.4	12.9	21.2	41.4	6.3	39.1	1.6	53.3	44.8	83.1
2042	401.9	63.2	16.3	12.9	21.5	41.5	6.3	39.4	1.6	53.7	45.1	83.4
2043	403.8	63.2	16.3	12.9	21.7	41.6	6.3	39.8	1.6	54.1	45.5	83.6
2044	405.7	63.3	16.2	13.0	21.9	41.7	6.3	40.2	1.6	54.6	45.9	83.9
2045	407.5	63.4	16.1	13.0	22.2	41.8	6.3	40.6	1.6	55.0	46.2	84.2
2046	409.1	63.5	16.1	13.0	22.4	41.8	6.3	40.9	1.6	55.4	46.5	84.4
2047	410.5	63.6	16.0	13.0	22.7	41.9	6.3	41.2	1.6	55.7	46.9	84.5
2048	412.0	63.6	15.9	13.0	22.9	42.0	6.3	41.6	1.6	56.1	47.1	84.6
2049	413.5	63.7	15.8	13.0	23.1	42.0	6.2	41.9	1.6	56.5	47.4	84.7
2050	414.8	63.8	15.8	13.0	23.3	42.1	6.2	42.2	1.6	56.9	47.7	84.8

Kern County Economic Forecast

Socioeconomic Indicators

